

REPUBLICANS WERE **WRONG**

GOP Economic Policies, Rhetoric Have Been Repeatedly Proven Wrong, Now Delivered the Worst Economic Crisis Since the Great Depression

Today, in the midst of the greatest economic crisis since the Great Depression, and as Congress considers the American Recovery and Reinvestment Act, it is telling to look back and examine the pattern of Republican failures on economic policy.

Republicans were **WRONG** about their tax cuts in 2001 and beyond:



“We all know that the tax cuts of 2001 and the tax cuts of 2003 have led us to one of the most robust economies that we have seen in our history. Why? Because we lowered tax rates, we gave people reasons to invest in our economy.”

[Republican Leader John Boehner, 5/17/07]



“But let's take a look at the facts... These [tax] cuts have spurred spectacular economic growth.” *[Republican Whip Eric Cantor, 5/10/06]*

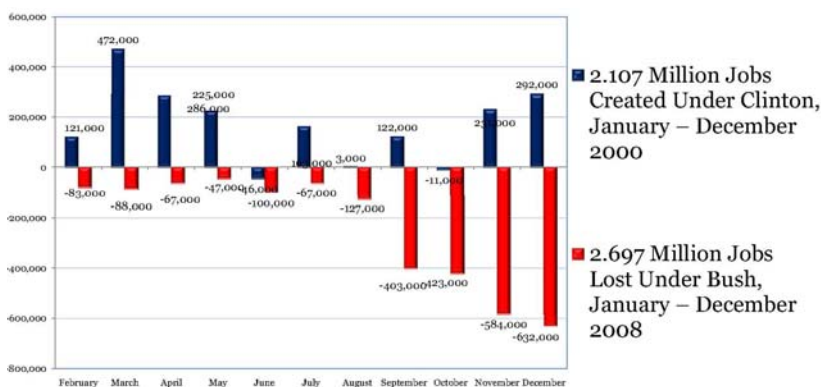


“I am proud to say this body worked hand in hand with the President as we passed earlier this year the one thing that... we should have done and that we did do to stimulate the performance of the economy, which was to cut taxes. That tax reduction that we did in June of this past year has already showed up in the lives of most Americans. We have seen it by adjustments in our withholding taxes at work, we have seen it by the rebate of overtaxes from last year. And that may have been all that we needed to move this economy back to a good

growth cycle where the jobs could have been not only sustained but in fact expanded. *[Former House Republican Majority Leader Dick Armey, 11/14/01]*

OUTCOME: President Clinton delivered the nation into the 21st century with a budget surplus. When President George W. Bush took office, the Republican Congress used the opportunity to pass massive tax cuts, which depleted the surplus and created the largest deficits in history. In its 8 years, the Bush economy created only 3 million jobs, averaging roughly 100,000 per month – compared to 22.7 million jobs created during President Clinton's eight years. In its last year, the Bush economy lost 2.6 million jobs alone.

Jobs Created Through December in Clinton's Final Year vs. Jobs Lost Through December in Bush's Final Year



OVER →

Republicans were **WRONG** about the Clinton Budget in 1993:

“How does this create any new, real jobs? Who does this spending stimulate except maybe the liberal faculty at Harvard or Berkeley? If we are to grow the economy and reduce the deficit, we need to spend the people's money wisely. **There is no economic stimulus here;** it is just more of the same--tax and spend.” [Republican Leader John Boehner, 3/9/93]

“It is a recipe for disaster. It is not a recipe for more jobs. Taxes will go up. **The economy will sputter along.** Dreams will be put off, and all this for the hollow promise of deficit reduction, of lower interest rates.” [Former House Republican Majority Leader Dick Armey, 1993]

The Clinton budget will lead to **“a job-killing recession.”** [Former Republican Speaker Newt Gingrich, 1993]



“This plan puts the economy in the gutter....If it was to work, then I’d have to become a Democrat.” [John Kasich, Former Republican Chairman of the House Budget Committee, 1993]

OUTCOME: Over a five-year period, the Omnibus Budget Reconciliation Act of 1993 reduced the deficit by an estimated \$433 billion. The deficit reduction resulting from the 1993 and 1990 budget reconciliations ultimately contributed to unprecedented economic growth and job creation in the late 1990s. **The Clinton economy created 22.7 million new jobs, an average of 240,000 jobs per month and the highest of any single administration on record.** [Congressional Budget Office and the Joint Committee on Taxation, from CRS report RS22098]

Republicans were **WRONG** about the Omnibus Budget Reconciliation Act and Economic Recovery Tax Act in 1981



“On behalf of the administration, let me say that we embrace and fully support [the Omnibus Budget Reconciliation Act]. It will achieve all the essential aims of controlling government spending, reducing the tax burden, building a national defense second to none, and **stimulating economic growth and creating millions of new jobs.**” [President Ronald Reagan, 4/28/81]

OUTCOME: The major tax bills enacted under Reagan significantly reduced government revenue. The Economic Recovery Tax Act of 1981 amounted to the largest tax cuts ever enacted, but **failed to result in economic growth.** The long term implications of the 1981 Reagan tax cut and his subsequent fiscal policies resulted in the largest post-WWII deficit. Ultimately, **the tax cuts were not enough to prevent the recession the U.S. economy suffered the following year, resulting in 2.8 million jobs lost.** [U.S. Department of Treasury: Revenue Effects of Major Tax Bills, 9/06]